

HOUSE No. 4357

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, July 31, 2012.

The committee on Ways and Means, to whom was referred the Bill to provide incentives for productive workers compensation audits (House, No. 532), reports recommending that the same ought to pass with an amendment substituting therefor the accompanying bill (House, No. 4357).

For the committee,

BRIAN S. DEMPSEY.

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The Commonwealth of Massachusetts

In the Year Two Thousand Twelve

An Act to provide incentives for productive workers compensation audits.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 152 of the General Laws, as appearing in the 2010 Official Edition, is
2 hereby amended by inserting after section 25U the following section:

3 Section 25V. (a) Employers in all classes other than the construction class shall be audited not
4 less frequently than biennially and may provide for more frequent audits of employers in
5 specified classifications based on factors such as amount of premium, type of business, loss
6 ratios, or other relevant factors. In no event shall employers in the construction class, generating
7 more than the amount of premium required to be experience rated, be audited less than annually.
8 The annual audits required for construction classes shall consist of physical onsite audits. At the
9 completion of an audit, if requested by the auditor, the employer or officer of the corporation and
10 the auditor must print and sign their names on the audit document affirming the accuracy of the
11 information provided therein. Employers shall make available all records necessary for the
12 payroll verification audit and permit the auditor to make a physical inspection of the employer's
13 operation. If an employer fails to provide reasonable access to all records necessary for a payroll

14 verification audit including a physical inspection of the employer's operation, the employer shall
15 pay additional premium to the carrier or self-insurer of three times the most recent estimated
16 annual premium.

17 (b) If an employer understates or conceals payroll, knowingly misrepresents or knowingly
18 conceals employee duties so as to avoid proper classification for premium calculations or
19 misrepresents or conceals information pertinent to the computation and application of an
20 experience rating modification factor said knowing misrepresentation or knowing concealment
21 shall be considered a violation of chapter 93A of the general laws and enforceable solely by the
22 attorney general.

23 (c) This section shall not apply to self-insurers as defined under subparagraph (a) or (b) of
24 paragraph (2) of section 25A, or is a member of workers' compensation self-insurance group
25 established pursuant to section 25E to 25U, inclusive.